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DRAFT REPORT

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Addendum

PROGRAMME QUESTIONS: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999 (item 4 (a))

Foreword and introduction

1. The proposed programme budget for the biennium 1998-1999, the first biennial programme budget within the medium-term plan for the period 1998-2001, was introduced by the Under-Secretary-General for Administration and Management at the 9th meeting of the Committee for Programme and Coordination, on 16 June 1997.

2. The Committee was informed that the proposed programme budget reflected the efforts made to meet the concerns of all Member States and to ensure the implementation of mandated activities in a most cost-effective manner. The Secretariat had formulated a programme budget after intense review and scrutiny by programme managers of their mandates, bearing in mind the resources available, the results to be achieved, the intended beneficiaries and the time-frame within which to implement the activities. The level of the resources proposed, at $2,583 million at 1998-1999 prices, was lower than that of the revised appropriations for 1996-1997 and within the outline approved by the General Assembly in its resolution 51/220 of 18 December 1996. In the context of a significant budget reduction compared with the biennium 1996-1997, the emphasis was placed on ensuring the continuation of all mandated programmes combined with sustained attempts at keeping administrative costs down. This had been achieved through reorganization, as necessary, of organizational structures

and improving methods of work, with consequent redistribution of functions and responsibilities of staff.

3. The Committee was informed that the distribution of resources had been guided by the priority areas as determined by the General Assembly in its resolution 51/220, namely, the maintenance of international peace and security, the promotion of sustained economic growth and sustainable development, in accordance with its relevant resolutions and the outcomes of recent United Nations conferences, the development of Africa, the promotion of human rights, the effective coordination of humanitarian assistance, the promotion of international justice and law, disarmament, drug control, crime prevention and combating terrorism in all its forms and manifestations.

4. The Committee was informed that resources released over the next two bienniums from reducing administration and other non-programme areas would be redirected to substantive programme areas in the economic, social and related fields.

5. The Committee was informed that the present programme budget proposal did not take into account the consolidation of the departments in the economic and social fields, the streamlining of services for intergovernmental processes, the reorientation of public information to which the Secretary-General referred in his letter of 17 March 1997 to the President of the General Assembly (A/51/829) or the reform measures to be announced by the Secretary-General on 16 July. Budgetary implications of those measures would be the subject of revised estimates to be submitted to the Assembly at its fifty-second session.

6. At its 9th, 10th and 12th meetings, on 16 to 18 June, the Committee considered part one of the proposed programme budget for the biennium 1998-1999. At its 27th meeting, on 30 June, the Committee considered the report of the Secretary-General on the impact of approved savings measures on the implementation of mandated programmes and activities (A/C.5/51/53).

Discussion

7. Some delegations expressed satisfaction that the Secretary-General's budget proposal remained within the budget outline as approved by the General Assembly in its resolution 51/220.

8. Some delegations were of the view that a reduction in the budget should not be perceived as meaning a reduced role for the Organization and that such a reduction must not affect the implementation of all mandated programmes and activities, especially in the field of international and regional cooperation for development. They stressed that revitalization of the Organization should not automatically mean a reduction in its programme and activities. Several delegations were of the view that the proposed programme budget reflected the fiscal discipline that was being experienced by many Governments at the national level and therefore welcomed the Secretary-General's proposals. Many delegations also welcomed his intention to continue his efforts to improve the efficiency and effectiveness of programme delivery. Some delegations noted with concern that the distribution of resources among budget sections did not reflect

adequately the priority areas of activities of the Organization for 1998-2001. A decline in extrabudgetary resources in priority areas compared with the previous biennium was also noted.

9. Some delegations reiterated their concern that the proposed programme budget did not include provisions for special missions. Several delegations reaffirmed that resource requirements should not be included in the proposed programme budget unless there were specific mandates for such special missions, as had already been decided by the General Assembly in its resolution 51/220. In this connection, some delegations pointed out that a report on issues related to the question of all additional expenditures referred to in paragraphs 10 and 11 of annex I to Assembly resolution 41/213 of 19 December 1986, including those relating to the maintenance of peace and security, inflation and currency fluctuation, as requested by the Assembly in its resolution 51/220, would still have to be prepared.

10. A large number of delegations expressed concern about the number of posts proposed for abolition and the negative impact this might have on the capacity of the Organization to implement its programme of work fully. They stressed that the international character of the Organization must be maintained and that the principle of geographical balance must be observed. Some delegations stressed the importance of maintaining gender balance. A large number of delegations stressed that the Secretary-General should have included in his budget proposal all the posts he deemed necessary to ensure that the various departments of the Secretariat would be able to carry out the programmes and activities approved by the General Assembly without the need to resort to gratis personnel. They pointed out that this could easily have been achieved by simply reducing the number of posts he was proposing to abolish. Other delegations welcomed the proposed reduction in the overall number of posts. Some delegations expressed the view that every effort should be made to ensure that the abolition of posts would not adversely affect the entry level posts (P-1 to P-3) made available for the recruitment of junior staff through examinations.

11. Some delegations noted that the high vacancy levels currently experienced by the Secretariat would ensure that staff on board would not be adversely affected by the proposed abolition of approximately 900 posts. A number of delegations inquired as to the feasibility of achieving the proposed vacancy rates for 1998-1999, namely, 5 per cent for Professional staff and 2.5 per cent for General Service staff, given the level of post reduction. They noted, at the same time, that the proposed vacancy rates for 1998-1999 were expected to reflect reality, returning to normalcy after the need to maintain higher rates than normal in 1996-1997, in order to achieve the required budget reductions. Many delegations stated that the vacancy rate should be seen as a budgeting tool, as it used to be before the current biennium, and not as a vacancy target that had to be reached during budget implementation.

12. Many delegations expressed concern at the change in the methodology applied to the uniform vacancy rate, which gave a wrong impression that a real increase in resources had been achieved. This could be seen in many sections of the budget, in particular the economic sections. Those delegations reiterated that this issue should be discussed at length when the Fifth Committee resumed its session.

13. Many delegations stressed that in a period of downsizing staff must be adequately trained to assume additional functions and responsibility and in this connection noted that resources for training had been proposed for increase. Some delegations noted that the proposed increase for staff training represented a sum of only $3 million and that the resources earmarked for staff training represented only 0.6 per cent of staff costs at present, and expressed the view that for the United Nations to spend less than 1 per cent of its staff costs on occupational and management training was too low for an organization of its size, and especially one with such a diversity of responsibilities.

14. Some delegations welcomed the emphasis now being placed by all offices on a programme of major maintenance of the premises of the Organization to address health and safety issues and the progressive deterioration of the buildings occupied by the Organization.

15. Many delegations expressed the view that since the Secretary-General had demonstrated his readiness to respond to the call by Member States to use scarce resources more effectively, it was now the turn of Member States to ensure that the Organization received adequate financial resources, in full, on time and without conditions, to enable it to carry out the mandates entrusted to it by Member States.

16. Several delegations expressed deep concern at the imbalance in the distribution of resources between subprogrammes in some sections. They also reaffirmed the need to establish priorities within subprogrammes.

17. One delegation expressed its hope that the norms that governed the programme budget would not be set aside again to meet a predetermined level of budget involving a significant reduction that had to be achieved in a limited amount of time.

18. A large number of delegations expressed the view that budgeting programmes and activities of the United Nations under a specific and predetermined ceiling was not an end in itself; mandates of the General Assembly and the relevant intergovernmental bodies should not be altered to reach a certain budget level at the expense of programmes and activities since programmes preceded the budget. Accordingly, these delegations stated, the Committee's main concern was to examine and ensure that mandated programmes and activities were duly reflected in the budget.

19. While welcoming the fact that the new format of the medium-term plan made it much easier to see the links between programmes and the resources required to implement them, some delegations expressed regret that the medium-term plan had not given a clearer indication of the priorities of the Organization for the plan period. The same delegations noted that since virtually all activities of the United Nations had been given priority, it was difficult to take the necessary decisions in terms of resource allocation within the overall budget.

20. Several delegations stated that the Committee had examined and recommended programmes with the full understanding that outputs would be clearly and completely reflected in the programme budget to be implemented during the period of the medium-term plan. They noted, however, that the introduction stated that

the Secretary-General's proposals had not taken into account the consolidation of departments in the economic and social fields, the streamlining of services for intergovernmental processes or the reorientation of public information, and that, in the absence of a complete picture, the current review by the Committee was incomplete. Nevertheless, those delegations understood that the three programmes in the economic and social fields would be fully translated into the new structural arrangements.

21. Several delegations expressed the view that the implementation of development programmes was of major importance for the Committee, given the fact that those programmes were included in the medium-term plan adopted by the General Assembly, and clarification was necessary as to how the mandates were to be fully reflected in the new consolidated structure of the three economic and social departments.

22. Some delegations were of the view that in the reorientation of the Department of Public Information due consideration should be paid to the mandates establishing the Department, in particular since it had been established by the General Assembly to render services in the area of public information to Member States. In this connection, the membership of the United Nations, in particular the developing countries, derived benefit from those services and remained interested in considering how those mandates were going to be pursued in the new reorientation.

23. Many delegations noted that additional information would be forthcoming from the Secretary-General on how savings to be achieved in the administrative area could be transferred to substantive programme areas in the economic, social and related fields. They expressed the view that the level of resources to be released by the proposed reduction of posts should be carefully examined, including the impact on programme delivery and on the institutional memory of the Organization. They also stressed that due regard should be given to the principle of equitable geographical representation in any exercise of staff reduction.

24. Some delegations noted that further reductions in the programme budget were anticipated following the reform process. Most delegations welcomed the reduction in non-programme costs and the increase, in 1998-1999, in the regular programme of technical cooperation to reflect the commitment of the Secretary-General to economic and social development.

25. A number of delegations pointed out that the transfer from the expenditure sections of jointly financed activities, except for the United Nations portion, was merely an accounting change and did not reflect a real reduction in the budget. Some delegations expressed the view that the change to net budgeting should not have been made.

26. Many delegations emphasized the importance of having information on the outputs deferred, postponed or curtailed in 1996-1997 and their disposition in the proposed programme budget for the biennium 1998-1999, as well as the programme performance report on the impact of approved savings measures on the implementation of mandated programmes and activities, in facilitating their deliberations on the proposed programme budget for the biennium 1998-1999.

27. Some delegations pointed out that this programme budget coincided with the entry into the next millennium and wondered whether it was not appropriate to envisage special activities to meet the changing needs of the world community at that time.

28. During the consideration by the Committee of the Secretary-General's report on the impact of approved savings measures on the implementation of mandated programmes and activities (A/C.5/51/53), many delegations expressed deep concern at the discrepancy and contradictions between the assurances given to Member States that all mandated activities would be fully implemented at the level of resources requested for 1998-1999, on the one hand, and the content of the report of the Secretary-General, which clearly confirmed that implementation of mandated activities was facing serious problems, on the other. They reiterated that the Secretariat should resubmit a revised budget proposal that would allow the Secretariat to overcome the shortfall it actually faced and to enable it to implement fully all mandated programmes and activities.

29. Many delegations stressed that the savings measures should enhance efficiency and effectiveness and not undermine them. Furthermore, savings measures should reflect discipline and innovations and should not absolve Member States from discharging their treaty obligations.

30. One delegation felt that the impact of the $154 million reduction in the budget must have been offset by appreciation of the dollar and savings achieved by efficiency measures. The same delegation expressed the view that on the one hand the report had mentioned increased workload for the United Nations staff because of the vacancy rate, which affected programme delivery, while on the other, there was a proposal to reduce 1,182 posts. Some delegations inquired about the impact of the proposed reduction on the 1998-1999 budget.

31. Many delegations expressed regret that the Secretariat had not been in a position to provide it with budget sections 27C, Office of Human Resources Management, and 27E, Conference services, for its consideration.

Conclusions and recommendations

32. The Committee expressed appreciation for the efforts made by the Secretary-General to present a programme budget that appeared to be consistent with the outline approved by the General Assembly in its resolution 51/220, and noted that the programme budget reflected the structure of the medium-term plan for the period 1998-2001, as approved by the Assembly in its resolution 51/219 of 18 December 1996, on the recommendation of the Committee.

33. The Committee noted that the total amount of resources requested by the Secretary-General was significantly lower than the revised appropriations for 1996-1997 and the Secretary-General's assurances that such a reduction would in no way affect the full implementation of all mandated activities during the biennium 1998-1999.

34. The Committee concluded that the delay in the presentation of the report of the Secretary-General did not allow the Committee to use it in an in-depth

evaluation of all sections of the proposed programme budget for the biennium 1998-1999 nor to identify in all cases the possible effects of the above-mentioned proposal. The Committee recommended to the General Assembly that it consider the proposed programme budget taking account of the report.

35. In accordance with its mandate, the Committee will decide on its further consideration at a resumed organizational session of the sections of the proposed programme budget that will be affected by reform measures after publication of the revised budget proposals.

36. The Committee stressed that financing of the programme budget, once approved by the General Assembly, must be assured.

[37. The Committee expressed regret that the Secretariat was not in a position to provide it with budget sections 27C, Office of Human Resources Management, and 27E, Conference services, for its consideration.]

38. The Committee recommended that every effort be made to ensure that the abolition of posts would not adversely affect the entry level posts (P-1 to P-3), which are made available for the recruitment of junior staff through examination.